

---

# **Fiscal Accountability Review (FAR)**



**Department of Intellectual and Developmental Disabilities  
Office of Quality Management**

---

## **INTRODUCTION:**

The Office of Quality Management reports to the Assistant Commissioner of Quality Management and is responsible for the Fiscal Accountability Review (FAR) unit.

The FAR unit conducts monitoring on a statewide basis and is guided in this endeavor by:

- a) DIDD Policy P-017 Financial Accountability Review (copy provided)
- b) DIDD Provider Manual, which can be viewed at the DIDD website, under the "For Providers" link.
- c) The Provider and/or Grant Agreement(s) in effect with the agency.

## **PROCESS OVERVIEW**

### **Scheduling of Reviews**

When agency billing exceeds \$300,000/year, you will be contacted and a FAR review scheduled. Agencies are contacted a minimum of two (2) weeks prior to proposed review date, with one to two month's notice preferred. As much as possible, review schedules accommodate the needs of the agency and the reviewer.

Once the review is scheduled, a Confirmation letter is prepared and emailed to the agency which confirms the agreements to be reviewed and the dates agreed upon. This letter also contains a List of Items Needed prior to, and during, the review.

### **Elements Tested**

#### **Service Provision**

The objective is to test whether the provider's billings and payments are supported by the agency's documentation of provided services.

When billed units are not adequately supported, questioned costs are cited (rate/unit multiplied by number/units not supported).

Sample size and selection criteria are established in the FAR policy.

Generally, documentation should be legible, pertain to the services, complete, accurate, and be signed rather than initialed. Start/Stop times should also be indicated so hours, shifts and time frames can be established.

## Fiscal Accountability Review (FAR)

### Introduction

#### **Allowable Costs/Cost Principles**

This involves a review of agency business practices and whether they conform to generally accepted accounting principals.

When agency billing exceeds \$500,000/year then an Independent Financial audit is required.

The current Provider Agreement section A.10 Financial and Business Records (d) states:

Provider recipients of \$500,000 or more in aggregate state and federal funds shall undergo, at their expense, an annual independent audit of records in accordance with the requirements of the Tennessee Comptroller of the Treasury. A copy of the report of the annual independent audit will be submitted within 14 days of completion/availability to the DIDD Director of Risk Management and the applicable Regional Director.

If a report from an independent audit completed within the past twelve (12) months is not available, this is cited as a finding.

#### **Board Minutes**

This consists of a review of the agency's minutes of the meetings of the board of directors include any items pertinent to their relationship with DIDD.

#### **Title VI**

The objective of this test is to provide assurance that policies and actions taken by the agency do not exclude any person from employment or participation in the program based on the grounds of race, color, or national origin. Test elements include verification of display of the Title VI Poster, submission of the Title VI Self-Survey, the designation of an agency Title VI Coordinator whether or not any complaints were filed, and the presence of completed notification forms in the files of the persons during the FAR review.

#### **Special Tests and Provisions**

The objective here is to identify and then test for agency/program specific requirement(s). Common test elements include:

Public Accountability: verify Public Accountability poster displayed

Subcontracting: if the agency has subcontractors (not employees) then approval of same from DIDD Central Office is verified

Personal Funds: review the most recent the Quality Assurance (QA) Survey of the agency. If the score in Domain 10 is less than "4" then the FAR reviewer conducts a follow-up inquiry to the status of all individual personal

## Fiscal Accountability Review (FAR)

### Introduction

fund issues identified in the QA survey. If all of the identified issues have been resolved, this is reflected in the report.

Deficit Reduction Act: Section 6032 of the Deficit Reduction Act of 2005 (DRA) requires all “covered entities,” which is defined as health care providers that receive or make annual Medicaid payments of \$5 million or more, to educate employees, contractors or agents about certain fraud and abuse laws.

Agencies who fall within this threshold complete a questionnaire and agency responses are verified while the reviewer is on site. The agency’s overall compliance or noncompliance is then reflected in the report.

### Report Issue and Response

Once the on site portion of the review is completed, an Exit Conference is conducted with agency staff where initial findings are presented. Then the reviewer prepares and submits a draft report to the Director who finalizes and issues it to the agency.

The agency has 15 Business Days to an Opportunity for Recoupment Review (ORR), as detailed in the current Provider Agreement and FAR policy.

The following notification is provided within each report as “Response to Review”:

#### **ORR Process**

In accordance with the new Provider Agreement an Opportunity for Recoupment Review (ORR) is being provided regarding the findings cited in the Service Provision section of this report. Per clause A.21. Recoupment (b) (ii) the agency must submit a request for an ORR within fifteen (15) business days from the date of the mailing/delivery of this report.

This notification may be accomplished by written correspondence, facsimile transmission or email to:

Email: Pat.Nichols@tn.gov

Fax: 615-532-9940

Phone: **615-532-6548**

US Mail: Pat Nichols, Assistant Commissioner for Quality Management  
Department of Intellectual and Developmental Disabilities (DIDD)  
Andrew Jackson Building, 15th Floor  
500 Deaderick St  
Nashville, TN 37243

If the request for an ORR is not received within fifteen (15) business days, the

## Fiscal Accountability Review (FAR)

### Introduction

Provider has waived its ORR and the Department will proceed to collect the recoupment amount. If necessary, this will be accomplished by withholding money from provider payments.

If there are any questions regarding the above, the Assistant Commissioner can be reached as outlined above or by phone at 615-532-6548.

Once the ORR and/or Management Response is received, the **Assistant Commissioner** will evaluate and issue a "Final Resolution" memo. This is the point where any recoupments are effected.

The FAR policy and the current Provider Agreement provide greater detail.